



# Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, February 12, 2014

Hog Prices: ↓ Soymeal: ↓  
 Corn: ↔ CDN Dollar: ↑

**Forward contract prices opened lower this morning.** US cash markets are trading steady again this morning with packers finding supplies to meet the weekday schedules, but resigned to the fact that Saturday's slaughter will be among the smallest in weeks. With packer operating margins estimated at better than \$20/hog, the cash bids are well supported at current levels. Producers have been disciplined in waiting for the higher bids before they market their animals as reflected by carcass weights that are averaging around 215 lbs, close to 3% higher than weights experienced one year ago. Lean Hog futures are trading mixed this morning with the nearby contracts finding support from the firm cash market and carcass cut-out values at their highest level in more than 2 months. Summer month contracts are seeing resistance to higher prices as they are already trading a premium to the cash market of \$20/cwt, 50% larger than the five year average. The Canadian Dollar is trading slightly higher this morning, with yesterday's Federal Budget received positively by the markets.

**Canadian delivered soymeal prices opened lower this morning.** US soybeans are trading lower. Pressure comes from the unchanged ending stocks estimate in Monday's WASDE report, a Brazil harvest that is ahead of last year's at 13% complete, and rumors of 8 cancelled orders. However, support comes as vessels start to line up at Brazilian ports (reemphasizing infrastructure deficiencies) although there is talk of some improvements. Argentine farmers continued to hold on to between 8 and 11MMT amid a falling currency.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading lower. There is talk that the primary factor driving the downward trend is the expectation of large global production resulting in an ending stock now estimated to be 157.3MMT, the highest since 2000/01. Brazilian agency CONAB estimates its corn crop at 75.5MMT, higher than the USDA's 70MMT estimate, while continually downplaying any effects of heat stress.

US Slaughter	
428,000	Tuesday
418,000	Tuesday (year ago)
W. Corn Belt	\$83.33
National Price	\$85.05
Daily Sig 3	\$168.40
Daily Sig 4	\$166.44
Thunder Creek	\$168.45
4-Month Fwd.	\$191.75
<b>B of C Ex. Rate (Noon)</b>	
\$1.1025 CAD/\$0.9070 USD	
<b>Cash Prices Week Ending February 7, 2014</b>	
Signature 3	75.72/166.93
Signature 4	74.23/163.65
h@ms Cash	73.55/162.15
Hylife	73.96/163.05
Thunder Creek	74.48/164.20
ISO Weans	\$84.73 US Avg.
Feeder Pigs	\$103.07 US Avg.
#1 Export Sows (+500lbs)	\$56.00

Fixed Forward Range	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Maple Leaf Sig. #3		176.79 179.31	179.09 185.66	192.37 206.52	202.98 208.03	202.16 209.75	190.01 201.29	173.31 181.91	169.15 176.76	150.68 158.80
Maple Leaf Sig. #4		174.33 177.45	174.20 180.86	187.16 201.06	197.54 202.62	197.14 204.49	189.98 196.20	170.77 184.69	169.59 173.33	155.05 162.12
Soymeal Winnipeg Delivered	586	586	581	581	575	576				
Corn Wpg Delivered	189	195								

This information is intended to aid producers in making pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution (including email forwarding) of the HMO is strictly prohibited.

Location	h@ms District Meeting Schedule	Time
Days Inn, Swift Current, SK	Wednesday, March 5, 2014	10:00AM - lunch to follow
Sandman Hotel, Saskatoon, SK	Wednesday, March 5, 2014	4:00PM - dinner to follow
Headingley Community Hall, Hdly, MB	Wednesday, March 12, 2014	2:00PM - dinner to follow
Smitty's, Steinbach, MB	Friday, March 14, 2014	12:00PM - lunch served
Starbuck Community Hall, Stbck, MB	Thursday March 20, 2014	2:00PM - dinner to follow